

South Carolina Dairy Tax Credit

South Carolina Department
of Agriculture

Hugh E. Weathers,
Commissioner



Tax Credit Available

- Must produce at least 500,000 lbs. of milk to qualify
- \$10,000 for first 500,000 lbs.
- \$5,000 for each additional 500,000 lbs.

Factors to be Considered

- Average price of milk in five market areas where milk is imported to SC
- Average transportation cost of importing milk from those five areas
- Cost of Production in SC

Five Market Area

- Northeast – 955 miles (Boston)
- Mideast – 610 miles (Cleveland)
- Upper Midwest – 800 miles (Chicago)
- Central – 1015 (Kansas City)
- Southwest – 1027 (Dallas)

Transportation Cost Calculation

- Transportation cost of \$2.00/mile was estimated using fuel cost information and indexes
- Transportation cost was converted to transportation cost/cwt using the following formula:

$$\text{Transportation cost/cwt} = \text{miles} \times \$2.00/\text{mile} / 48,000 \text{ lbs.} \times 100$$

Transportation Cost/Cwt for Each Area

- Northeast - \$3.98/cwt
- Mideast - \$2.54/cwt
- Upper Midwest - \$3.33/cwt
- Central - \$4.23/cwt
- Southwest - \$4.28/cwt

Average Price Five Market Area

- Uniform price in each area plus the transportation cost/cwt averaged for the five market area

Example: January, 2006 Uniform Price

Northeast	$14.78 + 3.98 = 18.76$
Mideast	$13.95 + 2.54 = 16.49$
Upper Midwest	$13.66 + 3.33 = 16.99$
Central	$13.75 + 4.23 = 17.98$
Southwest	$14.50 + 4.28 = \underline{18.78}$
Average	17.80

				Uniform Milk Price, 2004										
Marketing Area			Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Appalachian			14.25	14.49	15.8	16.76	20.18	20.54	18.94	16.16	16.52	16.69	16.78	16.98
Average 5 Market Area			16.4	16.77	18.63	19.78	22.57	22.45	20.25	18.55	19	18.83	19.15	19.29
Market Balancing Factor			2.15	2.28	2.83	3.02	2.39	1.91	1.31	2.39	2.48	2.14	2.37	2.31
			Uniform Milk Price, 2005											
Marketing Area			Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Appalachian			17.34	15.9	16.74	15.92	15.85	15.49	16.26	16.65	16.37	16.48	16.3	15.51
Average 5 Market Area			19.08	18.57	18.87	18.63	18.29	18.22	18.81	18.7	18.85	18.8	18.22	17.8
Market Balancing Factor			1.74	2.67	2.13	2.71	2.44	2.73	2.55	2.05	2.48	2.32	1.92	2.29
			Uniform Milk Price, 2006											
Marketing Area			Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Appalachian			15.52	15.01	14.13	13.01	13.05	12.84	13.33	13.51	13.63	14.58	14.68	14.62
Average 5 Market Area			17.8	17.04	16.15	15.59	15.5	15.65	15.61	15.85	16.4	16.85	17.09	17.41
Market Balancing Factor			2.28	2.03	2.02	2.58	2.45	2.81	2.28	2.34	2.77	2.27	2.41	2.79

[illegible]

[illegible]

[illegible]

Certified Credit Calculation

- $[(\text{Lbs. of milk} - 500,000) / 500,000 \times \$5000 + \$10,000] \times \text{quarters (as a \% of year)} = \text{amount of credit}$

Example: 2,200,000 lbs. of production for the year 2005

Drop to next lower 500,000 lb. unit

$2,000,000 - 500,000 = 1,500,000 / 500,000 = 3 \times \$5000 =$
 $\$15,000 + \$10,000 = \$25,000 \times .75 = \underline{\$18,750} \text{ credit}$

POUNDS PROD 20 ROUNDED TO 50 REFUND				
2,943,196	2,500,000		\$30,000.00	
1,785,090	1,500,000		\$20,000.00	
4,741,538	4,500,000		\$50,000.00	
4,899,900	4,500,000		\$50,000.00	
4,948,878	4,500,000		\$50,000.00	
3,879,039	3,500,000		\$40,000.00	
612,079	500,000		\$10,000.00	
5,246,025	5,000,000		\$55,000.00	
2,705,689	2,500,000		\$30,000.00	
1,523,820	1,500,000		\$20,000.00	
902,059	500,000		\$10,000.00	
1,942,613	1,500,000		\$20,000.00	
1,774,611	1,500,000		\$20,000.00	
1,306,172	1,000,000		\$15,000.00	
4,588,506	4,500,000		\$50,000.00	
4,884,625	4,500,000		\$50,000.00	
5,585,177	5,500,000		\$60,000.00	
2,021,465	2,000,000		\$25,000.00	
4,428,668	4,000,000		\$45,000.00	
2,704,719	2,500,000		\$30,000.00	
8,033,203	8,000,000		\$85,000.00	
3,558,930	3,500,000		\$40,000.00	
1,834,018	1,500,000		\$20,000.00	
1,572,069	1,500,000		\$20,000.00	
2,916,614	2,500,000		\$30,000.00	
518,915	500,000		\$10,000.00	
1,540,900	1,500,000		\$20,000.00	
3,390,386	3,000,000		\$35,000.00	
4,082,616	4,000,000		\$45,000.00	
2,549,409	2,500,000		\$30,000.00	
3,381,241	3,000,000		\$35,000.00	
4,370,553	4,000,000		\$45,000.00	
4,775,638	4,500,000		\$50,000.00	
4,387,345	4,000,000		\$45,000.00	
5,744,947	5,500,000		\$60,000.00	
5,894,342	5,500,000		\$60,000.00	

1,546,866	1,500,000	\$20,000.00	
557,024	500,000	\$10,000.00	
2,114,997	2,000,000	\$25,000.00	
6,017,548	6,000,000	\$65,000.00	
2,544,050	2,500,000	\$30,000.00	
1,116,331	1,000,000	\$15,000.00	
16,099,094	16,000,000	\$165,000.00	
7,052,374	7,000,000	\$75,000.00	
3,023,662	3,000,000	\$35,000.00	
2,322,193	2,000,000	\$25,000.00	
1,564,795	1,500,000	\$20,000.00	
1,386,634	1,000,000	\$15,000.00	
3,110,812	3,000,000	\$35,000.00	
1,668,907	1,500,000	\$20,000.00	
1,538,000	1,500,000	\$20,000.00	
6,903,313	6,500,000	\$70,000.00	
2,763,780	2,500,000	\$30,000.00	
6,066,442	6,000,000	\$65,000.00	
3,923,519	3,500,000	\$40,000.00	
2,491,022	2,000,000	\$25,000.00	
11,805,843	11,500,000	\$120,000.00	
7,786,492	7,500,000	\$80,000.00	
720,703	500,000	\$10,000.00	
2,847,474	2,500,000	\$30,000.00	
14,910,098	14,500,000	\$150,000.00	
598,871	500,000	\$10,000.00	
3,467,587	3,000,000	\$35,000.00	
4,076,440	4,000,000	\$45,000.00	
612,594	500,000	\$10,000.00	
1,650,640	1,500,000	\$20,000.00	
599,384	500,000	\$10,000.00	
655,733	500,000	\$10,000.00	
8,599,898	8,500,000	\$90,000.00	
1,197,394	1,000,000	\$15,000.00	
1,212,645	1,000,000	\$15,000.00	
3,106,621	3,000,000	\$35,000.00	
	Total	\$2,800,000.00	

For Information Contact

- Beth Crocker
Director, Legal Affairs/General Counsel
SC Department of Agriculture
P. O. Box 11280
Columbia, SC 29211
803/734-2193
email: bcrocker@scda.sc.gov
- Larry J. Boyleston
Assistant Commissioner
Agricultural Services Division
SC Department of Agriculture
P. O. Box 11280
Columbia, SC 29211
803/734-2191
email: lboylest@scda.sc.gov